

**Office of Policy, Economics, and Innovation  
FY08 National Program Guidance**

**April 17, 2007**

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## **Executive Summary**

### **I. Program Office** Office of Policy, Economics, and Innovation

### **II. Introduction/Context**

This document identifies implementation priorities for FY2008. This guidance will help the Regions and their partners to achieve relevant objectives, sub-objectives, and strategic targets presented in EPA's 2006-2011 Strategic Plan (issued September 30, 2006.) Most OPEI activities fall under objective 5.2: improve environmental performance through pollution prevention and other stewardship practices. OPEI's targets in the Strategic Plan measure the environmental benefit attributed to the Performance Track Program and fall under sub-objective 5.2.2: promote improved environmental performance through business and community innovation.

### **III. Program Priorities**

OPEI, working closely with the Regions, has identified FY08 commitments that support Performance Track's continued growth and further accomplishments. Specifically, we are continuing to ask the Regions to grow program membership. We have two new priorities for FY08: The first one is to encourage facility members to commit to improvements associated with five priority areas: toxic discharges to water, energy use/greenhouse gases, hazardous materials use, water use, and air emissions (NOx, SOx, VOCs and PM). The second relates to greater regional involvement in performing site visits to help ensure high environmental performance from facility members. Achieving these commitments will help the program meet its broader goals including the FY2011 Performance Track strategic goal (EPA 2006-2011 Strategic Plan, 5.2.2, p 134).

### **IV. Implementation Strategies and Measures**

In order to effectively manage program elements and reach the stated targets, OPEI has integrated both regional and media program priorities into the implementation strategy for Performance Track through the development of national and regional challenge commitments. Regions that developed challenge commitments are able to directly integrate their priorities, into the implementation strategy for achieving the goal associated with the five priority areas. For example, Region 3 Performance Track Challenge Commitments support a cleaner Chesapeake Bay ecosystem and contribute to national goals to reduce air emissions and discharges to water.

### **V. Tracking Progress**

OPEI works closely with the Regions in planning and implementing the program. Progress towards commitments and other program activities are tracked through weekly calls and an internal web-based data base.

### **VI. Program Contacts**

- 1) General questions or comments:  
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## **Office of Policy, Economics, and Innovation**

### **FY08 National Program Guidance**

EPA will advance environmental protection through innovative and collaborative approaches with business and government that produce measurable environmental results. For example, our National Environmental Performance Track Program (<http://www.epa.gov/performancetrack>) is a public-private partnership that encourages continuous environmental improvement through the use of environmental management systems, local community involvement, and measurable environmental results. Performance Track motivates member facilities to voluntarily set goals to achieve improvements in areas that are not currently regulated (energy use, toxic chemical use, greenhouse gas emissions). One of Performance Track's key benefits is its ability to promote voluntary reporting of our member facilities' progress on these and other unregulated issues as well as on reductions that exceed regulated levels.

Other Agency-wide, priority innovations include the Environmental Results Program (ERP) ([www.epa.gov/permits](http://www.epa.gov/permits)), an integrated system of compliance assistance, self-certification, and statistically-based performance measurement used by States for cost-effectively regulating and improving the performance of small business sectors. Currently, 15 States deploy the ERP approach for 10 sectors. The Agency also continues to promote the use of Environmental Management Systems (EMS) ([www.epa.gov/ems](http://www.epa.gov/ems)), which is a systematic way for facilities to manage environmental footprints based on a continual improvement framework that can be used effectively to improve environmental performance. Programs and Regions are encouraged to seek opportunities to support states and EPA programs in employing both ERP and EMS as environmental problem-solving tools when appropriate.

OPEI encourages and provides support for performance management (i.e., logic modeling, performance measurement and program evaluation) for innovative and established programs. Headquarters and regions are encouraged to develop annual evaluation plans including identifying: areas that would benefit most from an evaluation during the next 1-3 years; staff roles and responsibilities; and staff training and technical assistance needs. OPEI leads EPA's Performance Management Training Strategy which supports a combination of training and technical assistance to enable agency staff to develop logic models, program evaluations, and performance measures. OPEI coordinates the "Performance Management Training and Technical Assistance Network," which includes headquarters and regional staff who provide assistance and training to their respective organizations. OPEI and OCFO co-sponsor the Program Evaluation Competition, an internal process that awards selected Headquarters and Regional offices the financial and technical assistance needed to evaluate their programs. Regions and program offices are encouraged to leverage these resources for performance management training, planning, and execution.

For the FY08 –FY11 Guidance, EPA and OPEI will be measuring progress related to Performance Track in the three areas listed below.

**Commitment #1: Number of Performance Track Environmental Performance Commitments in Priority Areas**

All new and renewing applicants to Performance Track make four (or in the case of small facilities,two) voluntary environmental performance goals. While applicants may select commitments associated with indicators from several different categories, EPA is encouraging facilities to focus their commitments based on the five priority environmental indicators listed below. These indicators are used in the Agency’s Strategic Plan and were selected to coincide with national and regional priorities as shown in Table 1 and discussed more fully in Appendix I.

- Toxic discharges to water
- Energy use greenhouse gases,
- Hazardous materials used
- Water use
- Air Emissions: NOx, SOx, VOCs and PM

Five Priority Areas	National Challenge Commitments	Regional Challenge Commitments (Regional Office)
Greenhouse Gas/Energy Use	X	1 ,4, 10
Toxics to Water		2, 3, 4
Hazardous Materials Use	X	
Water Use	X	4
Air Emissions		2, 3, 6

**Table 1. Linkage of National/Regional Challenge Commitments with Priority Areas**

In an effort to better align the Agency’s efforts related to Performance Track with the Strategic Plan, EPA has developed a new ACS commitment designed to increase the focus on the five priority environmental indicators.

Regions can help contribute to this ACS commitment by encouraging new and renewing members to set ambitious goals in these priority areas. This can be accomplished during pre-application discussions with new applicants or during any number of communications with renewing members. Many HQ program offices and regions have already started to direct Performance Track member activities toward these priorities through the development of challenge commitments. Regions can generate facility interest in these priority areas by linking them to national and regional challenge commitments.

**Goal #1: For FY 08, the regions will work with new and renewing members to make commitments in these five priority areas, resulting in 175 new commitments nationally.**

## **Commitment #2: Site Visits at Performance Track Facilities**

An important component of the Performance Track program is the Performance Track site visit, conducted by HQ and Regional staff and often in conjunction with the states. Site visits help EPA to assess a facility's implementation of the Performance Track Program criteria, including its environmental management system (EMS), its progress in meeting its performance commitments, and its public outreach efforts. Site visits also provide an excellent opportunity for face-to-face interaction among EPA, state, and program members that helps to establish and maintain relationships that would not otherwise be available through traditional regulatory programs. In addition, site visits offer facilities the opportunity to provide honest feedback to EPA and states about the Performance Track Program and issues associated with other environmental programs.

In addition to the actual site visit, other important activities include planning and logistics, and preparation of the final site visit report. For FY08, regions will be asked to take on a greater role in the planning, execution, reporting, and follow-up related to site visits in their region. This will include devoting the required FTE and travel resources to accomplish this goal.

**Goal #2: In FY08, each region will conduct site visits at five percent of member facilities. A site visit encompasses the planning, organizing, and conducting the visit, as well as preparing the final report and conducting necessary follow-up.**

## **Commitment #3: Number of Applications**

To increase the overall level of environmental performance through consistent growth in the number of Performance Track members. The following approaches and activities can be used to advance this goal:

- Build stronger working relationships with Performance Track members who can serve as program "diplomats" through activities such as hosting facility recruitment workshops and participating in Performance Track presentations.
- Enlist the help of and partner with local environmental and business NGOs.
- Continue to build cooperative relationships with trade associations, especially the Performance Track Participants Association, to help promote and grow Performance Track membership in key sectors with significant environmental risks.

**Goal #3: In FY08, each region collectively shall contribute to the overall goal of receiving 100 new Performance Track member applications.**

## Appendix I

### Relation of Priority Commitments to National and Regional Challenge Commitments

To fulfill its goals under the EPA Strategic Plan, EPA currently measures the overall contribution of the Performance Track Program to reducing our Nation's environmental impact in the following five priority areas:

- Greenhouse gases, energy use
- Toxic discharges to water
- Hazardous materials used
- Water use
- Air Emissions: NO<sub>x</sub>, SO<sub>x</sub>, VOCs and PM

Members can address these five priority areas by selecting challenge commitments. Challenge Commitments address regional or national environmental priorities. A full description of these challenge commitments follows.

#### National Challenge Commitments

Challenge Commitment	% Reduction Required
<a href="#">Energy Use (Non-transportation)</a>	10 % (absolute)
<a href="#">Water Use</a>	15 % (normalized* <sup>1</sup> )
<a href="#">Priority Chemicals Use</a>	10 % (absolute)

**EPA's Office of Air and Radiation** is promoting an energy use reduction challenge for non-transportation energy use. Member facilities commit to reducing energy use by at least 10% over 3 years.

**EPA's Office of Water** is promoting their water use reduction challenge. A member facility commits to reducing their water use by at least 15 percent (normalized). EPA's Office of Water website offers some water reduction ideas.

**EPA's Office of Solid Waste and Emergency Response** is promoting a Priority Chemical reduction challenge. A facility may make a challenge commitment by committing to at least a 10% decrease (before normalizing) in the use of at least one of the Priority Chemicals listed below, as identified by EPA's Office of Solid Waste. The priority chemical should be essential to the facility's

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<sup>1</sup> **Normalization** is the process of adjusting environmental performance measurements to account for increases or decreases in production over time. Normalization is encouraged for environmental performance indicators that are likely to be closely related to changes in production. This helps prevent situations in which a facility is unduly recognized for dramatic improvements during an economic slowdown or is unduly penalized during an economic expansion.

operations. Performance Track will consult with the Office of Solid Waste's National Partnership for Environmental Priorities Program should the significance of the commitment be in question. Additional information may be found at the following link:

<http://yosemite.epa.gov/opa/admpress.nsf/a8f952395381d3968525701c005e65b5/9d3f41210b7842ba85257124006bf17b!OpenDocument>

## **Regional Challenge Commitments**

### **Region 1**

Region 1 is offering a greenhouse gas reduction challenge commitment. A facility should select Air Emissions as the category and Total GHGs as the indicator in the Performance Track application. In order to receive credit for the challenge commitment, the facility must commit to reducing greenhouse gases by at least 5% before normalizing (i.e., check "Absolute Goal" in *Question 5*). Thus, the "Future" quantity of MTCO<sub>2</sub>E on the line labeled "Total Emissions Less Offsets" must be at least 5% less than the "Baseline" quantity.

### **Region 2**

Within the Air Emissions category, a facility in Region 2 may choose from the indicators VOCs, NO<sub>x</sub>, PM<sub>2.5</sub>, PM<sub>10</sub>, or Air Toxics. Facilities that select VOCs or Air Toxics should measure and report on all emissions for that indicator, as opposed to selecting a specific VOC(s) or air toxic(s).

**Region 3** is challenging facilities to reduce their level of transportation diesel use. To be eligible for this challenge commitment, the facility should have a minimum of ten diesel vehicles in their fleet at the time the commitment is made, and must commit to reducing gallons of diesel use by at least 15% from baseline levels before normalizing.

Region 3 is also challenging facilities located in the Chesapeake Bay Watershed to address critical issues associated with pollutant loading to the bay via run-off and air deposition. The environmental categories for the Chesapeake Bay Watershed challenge commitments are Land and Habitat, Air Emissions, and Discharges to Water.

**Region 4**, the Region 4 States, and EPA's Office of Air and Radiation want to encourage facilities to reduce their energy use. In order to receive credit for the challenge commitment, facilities must commit to reducing energy use by at least 10% on an absolute basis.

- **Non-transportation energy use:** To make a challenge commitment to reduce non-transportation energy use, a facility in Region 4 should select "Energy Use" as the category and "(non-transportation) Energy use" as the indicator. *Reduce Total Energy Use* should be selected as the goal of the commitment. In order to receive credit for the challenge commitment, the facility must commit to reducing energy use by at least 10 percent of the baseline figure before normalizing (i.e., in *question 4e*, on the line for "Total Energy Use," the "Future" quantity must be at least 10 percent less than the "Baseline" quantity.) Under *Question 5*, the facility should select "Absolute goal."
- **Transportation energy use:** To make a challenge commitment to reduce transportation energy use, a facility should select *Energy Use* as the category and *Transportation energy use* as the indicator. In order to receive credit for the challenge commitment, the facility must commit to reducing its total transportation energy use by at least 10 percent of the baseline figure before normalizing. Under *Question 1c*, the facility should select "All." Under *Question 5*, the facility should select "Absolute goal."



Region 4 is also challenging its members to reduce discharges to water. In the Performance Track application, a facility should select *Discharges to Water* as the category and then select the desired indicator. In order to receive credit for the challenge commitment, the facility must commit to reducing the discharges for the selected indicator by at least 15% after normalizing (i.e., check "Normalized Goal\*" in Question 5). Thus, the "Future" quantity of water in line 4c must be at least 15% less than the "Baseline" quantity.

**Region 6** is challenging its members to reduce air emissions. In order to participate, a Region 6 facility must be located in an area that is in non-attainment of the federal air quality standard for ozone to qualify to make an air emissions challenge commitment. The facility can make this challenge commitment by choosing Air Emissions as a category and either VOCs or NO<sub>x</sub> as the indicator. In order to receive credit for the challenge commitment, the facility must commit to reducing the selected emissions by at least 15% before normalizing. Thus, the "Future" quantity on the line 4c of the Performance Track application must be at least 15% lower than the "Baseline".

**Region 10** is offering a greenhouse gas reduction challenge commitment. A facility should select *Air Emissions* as the category and *Total GHGs* as the indicator. In order to receive credit for the challenge commitment, the facility must commit to reducing greenhouse gases by at least 5% before normalizing (i.e., check "Absolute Goal" in *Question 5*). Thus, the "Future" quantity of MTCO<sub>2</sub>E on the line labeled "Total Emissions Less Offsets" must be at least 5% less than the "Baseline" quantity. Region 10 is also challenging facilities to reduce its level of transportation diesel use. To be eligible for this challenge commitment, the facility should have a minimum of ten diesel vehicles in its fleet at the time the commitment is made and must commit to reducing its gallons of diesel use by at least 15% from the "Baseline" quantity.